UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
PERU

IPF:(1992-96) $13 297 000

(PER/92/027) - Emergency Programme for Social Actions

Date of approval by the AC:[1/]	16 December 1992
Expected duration:	18 months
Proposed executing agency:	Government
Government implementing agency:	National Fund for Social Development and Compensation (FONCODES)
Proposed UNDP contribution:	Nil
Government cost sharing:	$ 482 500
Third-party cost sharing:	$ 4 982 500
Total UNDP budget:	$ 5 465 000

Project background

The structural adjustment and stabilization policies adopted by the Government in 1990 have had a negative effect on the poor sectors of the population. In order to alleviate their situation, the Government created the National Fund for Social Compensation and Development (FONCODES), designed to generate employment and income through the financing of social investment projects in poor communities.

FONCODES has failed to reach the poorest sectors of population. Its operation has encountered various problems: financial execution has not met the expected targets, monitoring of projects is insufficient thus making difficult impact evaluation and international resources have not been attracted. This is partially caused by the operational characteristics of the Fund, mainly its administrative centralization.

Problems also arise from difficulties that poor communities have in obtaining FONCODES funds. They lack technical and financial resources required to organize themselves, to identify projects and especially to prepare the requested technical documentation.

Non-governmental development agents, especially NGO's, are also making efforts to improve the living conditions of the poorest communities. Nevertheless, their actions remain isolated and have not succeeded in linking the poor groups to the mainstream of development financing represented by FONCODES and other Government programmes. The NGO's initiatives have been traditionally supported by bilateral co-operation.

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

A consensus has been reached between the various development agents to join their efforts in improving the living conditions of the poor. For this purpose, a pilot initiative will be developed in the Inka Region, which has the largest population living in extreme poverty and where all agents are active. Once evaluated, the experience will be replicated in other regions of the country.

Four bilateral donors (Germany, The Netherlands, Spain and Switzerland) will contribute to the initiative (US)$ 4,525,000 for an investment fund and with (US)$ 482,500 for complementary technical co-operation. FONCODES will contribute equal amounts for both purposes. UNDP assistance has been requested in order to facilitate the joint work of all development agents for various reasons: (i) UNDP's neutrality and transparency will assure the objectivity and equity in the distribution of the project resources to the different development agents; (ii) UNDP's participation will bring the experience that the organization has accumulated in the Region in areas such as poverty alleviation, State reform and democratization of the development process; and (iii) finally, UNDP's neutrality will facilitate the dialogue between the State and the civil society in a country where political unrest has been present in the recent past.

Description of project

The immediate objectives of the project are to:(a) create effective social demand by assisting the poorest communities of the Inka Region in their organization as well as in the identification and technical preparation of the projects to be financed by the investment fund and by FONCODES regular resources; (b) make the financial supply of FONCODES more efficient by strengthening the capacities of its Regional Office in the evaluation, approval and supervision of the projects presented for financing; (c) introduce a participatory decision making process (PREDES) for the articulation of the social demand and the financial supply of all development programmes in the region; and (d) systematize and evaluate the experience in order to apply it to other regions of the country.

Project activities will include: (a) organising communities in the execution of nuclei; (b) identifying social investment projects totalling a minimum of (US)$ 9,000,000 to be technically developed and submitted for FONCODES consideration; (c) organising, equipping, and putting the FONCODES Regional Office in full capacity to evaluate, approve and supervise the projects presented for its consideration; (d) approving projects for a minimum total of (US)$ 18,000,000, corresponding disbursements effected and projects fully supervised; and (e) establishing decision mechanisms between the State and organizations of the civil society for identifying investment packages, allocating responsibilities, and requesting funding to national and international sources.

Inputs

UNDP will provide 18 work-months for a CTA, 54 work-months of national consultants; subcontracts in areas such as technical preparation of projects, supervision of projects, evaluation of PREDES decision making model; training of communities and government agencies; transportation, communication and computer equipment; investment fund for small social projects in the poorest communities of the Inka region; and miscellaneous costs.

Financial data

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Personnel	254 800
Subcontract	549 000
Training	30 000
Equipment	76 200
Investment Fund	4 555 000
Miscellaneous	30 0000
Total	5 465 000